

proceeding will serve as a significant deterrent to conduct barred by the statute. It is important to link the penalty amount to the date of filing the notice of intent because defendants are currently using these notice requirements as a built-in delay mechanism in the Section 628 resolution process. Specifically, defendants appear to act conciliatory, stating their "intent" to settle amicably the dispute, when in actuality they are merely seeking to protract the complaint process, allowing them to continue to exercise and enjoy an unlawful advantage in the MVPD market to the detriment of competition.^{42/}

It also is critical that the economic penalties imposed by the Commission for Section 628 violations be substantial. Significant economic penalties are essential to introduce a countervailing disincentive to prevent anticompetitive behavior. The Commission's rules should make clear that a Section 628 violator will be liable to pay the complainant damages^{43/} and/or to pay fines to the Commission in an amount sufficiently high to deter anticompetitive conduct.

^{42/} For example, Ameritech through Americast sent Rainbow Programming Holdings, Inc. ("Rainbow") a notice of intent to file a Section 628 complaint on October 30, 1996 which served as an impetus for Rainbow to "negotiate" after months of dilatory tactics. These negotiations lacked even a scintilla of good faith on Rainbow's part, however, and caused a delay of over a month in the formal filing of the complaint. This complaint is currently pending at the Commission, more than five months after being filed.

^{43/} In cases where the complainant seeks damages, the Section 628 proceeding should be bifurcated with the damages phase deferred until after a decision has been rendered on whether or not there has been a Section 628 violation. See Common Carrier Complaint NPRM, at 51, ¶ 119.

Economic penalties will force potential violators to realize that they will pay a significant financial price if they are found to have violated Section 628. They also will serve as an antidote to dilatory tactics in Section 628 proceedings because defendants will be at increased financial risk for each day of delay in resolving the complaint.

CONCLUSION

In light of the problems persisting despite today's program access rules, the Commission should grant Ameritech's Petition for Rulemaking and amend the Commission's rules to strengthen enforcement of Section 628 by providing for: (1) a ninety (90) or one hundred fifty (150) day deadline for issuance of decisions on Section 628 complaints, depending on whether or not there is discovery; (2) a right to reasonable discovery; and (3) retroactive economic penalties in the form of damages awards and/or fines for all Section 628 violations. The Commission has

the authority to implement these rules changes. The time to exercise its authority is now when new measures are clearly needed to accelerate the pace of developing competition in the MVPD marketplace.

Respectfully submitted,

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May 16, 1997

~~{ORIGINAL RULES}~~ [PROPOSED AMENDMENTS TO] SUBPART O-
COMPETITIVE ACCESS TO CABLE PROGRAMMING

Deletions appear as struck-through text surrounded by {}
Additions appear as double underlined text surrounded by []

§ 76.1003 Adjudicatory proceedings.

(b) General pleading requirements.

Program access complaint proceedings are generally resolved on a written record consisting of a complaint, answer and reply, but may also include other written submissions such as briefs [containing proposed findings of fact] and [conclusions of law, replies to] written interrogatories [and deposition transcripts]. All written submissions, both substantive and procedural, must conform to the following standards:

(3) Facts must be supported by relevant documentation or ~~{affidavit.}~~ [affidavits. Copies of relevant documentation or affidavits that are relied upon in a pleading shall be appended to the pleading.]

(d) Answer.

(1) Any cable operator, satellite cable programming vendor or satellite broadcast programming vendor upon which a program access complaint is served under this section shall answer within ~~{thirty (30)}~~ [twenty (20)] days of service of the complaint, unless otherwise directed by the Commission.

(5) An answer to an exclusivity complaint shall provide the defendant's reasons for refusing to sell the subject programming to the complainant. In addition, the defendant ~~{may}~~ [shall] submit to the Commission its programming contracts covering the area specified in the complaint with its answer to refute allegations concerning the existence of an impermissible exclusive contract. If there are no contracts governing the specified area, the defendant shall so certify in its answer. Any contracts submitted pursuant to this provision may be protected as proprietary pursuant to paragraph (h) of this section.

(6)

(i) When responding to allegations concerning price discrimination, except in cases in which the alleged price differential is de minimis (less than or equal

to five cents per subscriber or five percent, whichever is greater), the defendant shall attach a copy of all contracts with all other cable operators serving the same area at issue, and attach a copy of at least several representative contracts with an affiliated cable operator serving roughly the same number of subscribers to provide documentary evidence to support any argument that the magnitude of the differential is not discriminatory.

(iii) If the defendant believes that the complainant and its competitor are not sufficiently similar, the answer shall set forth the reasons supporting this conclusion, and the defendant ~~{may}~~ [shall] submit an alternative contract for comparison with a similarly situated multichannel video programming distributor that uses the same distribution technology as the competitor selected for comparison by the complainant. The answer shall state the defendant's reasons for any differential between the prices, terms and conditions between the complainant and such similarly situated distributor, and shall specify the particular justifications in §76.1002(b) of this subpart relied upon in support of the differential. The defendant shall also provide with its answer written documentary evidence to support its justification of the magnitude of any price differential between the complainant and such similarly situated distributor that is not de minimis.

- (e) Reply. Within ~~{twenty (20)}~~ [fifteen (15)] days after the service of an answer, the complainant may file and serve a reply which shall be responsive to matters contained in the answer and shall not contain new matters. Failure to reply will not be deemed an admission of any allegations contained in the answer except with respect to any affirmative defenses set forth therein. Replies containing in the answer, claimed by the defendant to be proprietary under paragraph (h) of this section shall be submitted to the Commission in confidence pursuant to the requirements of § 0.459 of this chapter and clearly marked "Not for Public Inspection." An edited version removing all proprietary data shall be filed with the Commission for inclusion in the public file within five (5) days from the date the unedited reply is submitted, and shall be served on the defendant.

(g) Discovery.

(1) ~~{The Commission staff may in its discretion order discovery limited to the issued specified by the Commission}~~ [Discovery is allowed as a matter of right]. Such discovery may include [depositions,] answers to written interrogatories or document production.

(2) The Commission staff ~~{may in its discretion direct the parties to submit discovery proposals, together with a memorandum in support of the discovery requested. Such discovery requests may include answers to written interrogatories, document production or depositions. The Commission staff}~~ will ~~{then}~~ hold a status conference with the parties, pursuant to paragraph (j) of this section, to determine the scope ~~{of discovery.}~~ [and schedule for discovery.] Discovery, if elected by the complainant, shall conclude within forty-five (45) days of the status conference.] If the Commission staff determines that extensive discovery is required or that depositions are warranted, the staff will advise the parties that the proceeding will be referred to an administrative law judge in accordance with paragraph (m) of this section.

(i) Other required written submissions. [In cases where discovery is conducted:]

(1) The ~~{Commission may, in its discretion, require the parties to file briefs summarizing the facts and issues presented in the pleadings and other record evidence. Those briefs shall contain the}~~ [parties shall submit a joint brief containing a stipulation of facts not in dispute within twenty (20) days following completion of discovery.]

(2) The parties shall concurrently submit briefs containing proposed findings of fact and conclusions of law which that party is urging the Commission to adopt, with specific citations to the record, and supported by relevant authority and analysis[, within twenty (20) days following completion of discovery.]
Such briefs shall not exceed fifty (50) pages.

(3) All evidentiary exhibits which the parties seek to include in the record shall be filed with the Commission and served on the opposing party contemporaneously with the filing of briefs containing proposed findings of fact and conclusions of law.

(4) Parties shall be permitted to file reply briefs within ten (10) days of the date initial briefs are due. At such time the record shall be deemed closed. Reply briefs shall not exceed thirty (30) pages].

~~{(3) Any briefs submitted shall be filed concurrently by both the complainant and defendant at such time as is designated by the staff. Such briefs shall not exceed fifty (50) pages.~~

~~{(4) Reply briefs may be submitted by either party within twenty (20) days from the date initial briefs are due. Reply briefs shall not exceed thirty (30) pages.}~~

(5) Briefs containing information which is claimed by an opposing party or third party to be proprietary under paragraph (h) of this section shall be submitted to the Commission in confidence pursuant to the requirements of § 0.459 of this chapter, and shall be clearly marked "Not for Public Inspection." An edited version removing all proprietary data shall be filed with the Commission for inclusion in the public file within five (5) days from the date the unedited version is submitted and served on opposing parties.

~~{(2)}~~ [(6)] The Commission may require the parties to submit any additional information it deems appropriate for a full, fair, and expeditious resolution of the proceeding, including copies of all contracts and documents reflecting arrangements and understandings alleged to violate the program access requirements set forth in the Communications Act and §§ 76.1001 and 76.1002 of this subpart, as well as affidavits and exhibits.

(j) Status conference.

(1) In any program access complaint proceeding, the Commission Staff ~~{may its discretion}~~ [shall] direct the attorneys and/or the parties to appear for a conference to consider:

[(v) The schedule for and extent of discovery, including objections to interrogatories, depositions or requests for written documents;

(2) Unless otherwise ordered by the Commission, an initial status conference shall take place within five days after the answer is filed.

(3) Conferences may be conducted in person or by telephone conference call.

(k) Commission Decision.

(1) The Commission staff shall render a decision within ninety (90) days from the filing of the complaint in cases where there is not discovery and within one-hundred and fifty (150) days from the filing of the complaint in cases where there is discovery.]

~~{(k)}~~[(1)] Specifications as to pleadings, briefs, and other documents; subscriptions.

~~{(1)}~~[(m)] Copies; service.

~~{(m)}~~[(n)] Referral to administrative law judge.

~~{(n)}~~[(o)] Petitions for reconsideration.

~~{(o)}~~[(p)] Interlocutory review.

~~{(p)}~~[(q)] Expedited review.

~~{(q)}~~[(r)] Frivolous complaints.

~~{(r)}~~[(s)] Statute of limitations.

~~{(s)}~~[(t)] Remedies for Violations.

[(2) Fines. In addition to the remedies provided in paragraph (1) of this section, in any proceeding under this section in which the defendant is found to have violated section 628 of the Communications Act of 1934, defendant shall be liable for payment of a fine, in an amount to be determined by the Commission, which shall be sufficient to operate as an economic disincentive to acts or practices violative of Section 628. Such fines shall take into account the continuing nature of the violation and shall be calculated retroactively from the date on which the defendant cable operator, and/or satellite cable programming vendor or satellite

broadcasting programming vendor was notified pursuant to § 76.1003(a) of this subpart.

(3) Damages. A complainant injured by a defendant's conduct found to have violated Section 628 may seek damages from the defendant as compensation for the harm suffered. In such cases, the Commission may award damages, as appropriate.]

~~{(1) Remedies authorized. Upon completion of such adjudicatory proceeding, the Commission shall order appropriate remedies, including, if necessary, the establishment of prices, terms, and conditions for the sale of programming to the aggrieved multichannel video programming distributor. Such order shall set forth a timetable for compliance, and shall become effective upon release.}~~

~~{(2)}~~[(4)] Additional sanctions. The remedies provided in paragraph (s)(1) [(2)and (3)] of this section are in addition to and not in lieu of the sanctions available under title V or any other provision of the Communications Act.

New York Times 4-27-97
Financial p1

As Wall Street Groans, A Cable Dynasty Grows

Investors Fear Big Debts. Consumers Fear Higher Prices.

By GERALDINE FABRIKANT

LAST week, Charles F. Dolan, the founder and chairman of the Cablevision Systems Corporation, had to bite his tongue as he listened in calls to the customer service department. "I know your boss just bought Madison Square Garden," grumbled a cable subscriber who said he had been overbilled. "But I'm not helping him pay for it."

That customer joined a long list of people who are unhappy with Chuck Dolan. Sports junkies fear that the notoriously tough-minded 70-year-old entrepreneur will raise ticket prices at the Garden and nudge up fees for the MSG cable network and Sportschannel New York. He is under pressure to do so to help finance the \$650 million purchase of the 50 percent of Madison Square Garden that Cablevision did not already own. That acquisition from the ITT Corporation will give Cablevision full ownership of the Knicks and Rangers sports teams and of the MSG cable network, as well as of the arena itself. Coupled with the cable rights it already has to five major New York area professional teams — the Yankees, Mets,

Devils, Nets and Islanders — Cablevision has become the uncontested powerhouse of television sports.

But even squeezing more money out of fans would do little to pacify angry investors in Cablevision, the nation's sixth-largest cable operator, with 2.8 million subscribers, which also owns a host of cable news, sports and entertainment programming.

Many stockholders believe Cablevision, based on Long Island, had too much debt — \$3.1 billion plus an additional \$1.5 billion in preferred stock — even before the latest deal.

They are also unhappy with the company's unending string of losses, which have widened every year since 1993. On Friday, Cablevision's stock closed at \$29, near its 52-week low of \$25 a share in November.

Perceptions have certainly changed in just four years. In 1993, Mr. Dolan was a hero, the visionary who had given the cable world the wildly successful Home Box Office, and the king of packaging who had a magic touch for concocting lucrative programming combinations. As the entrepreneur pushed to build assets, though at the expense of earnings, Cablevision stock jumped to \$72 a share because of infatuation

with cable in general and the rumors of a possible buyout by Time Warner and U.S. West.

Those days of glory are over. No longer hailed as a prophet, Mr. Dolan is under pressure to act more like a pragmatist. Stockholders are urging him to unload some assets instead of endlessly looking for new acquisitions, and to bring in equity partners instead of slogging ahead on his own.

Although Mr. Dolan took Cablevision, the company he founded in 1973, public in 1986 at \$14.50 a share, he still runs it like a fief. He has anointed his youngest son, James, as his heir apparent. And he has installed his two other sons, a nephew and a son-in-law in senior management posts and has given his wife's sister a post, too. Mr. Dolan, his wife and their six children own 45 percent of Cablevision stock, worth \$339.3 million, and exercise 90 percent of the voting rights. Last year, he and his son Jim each earned a little over \$1 million. Mr. Dolan collects \$5.6 million annually in preferred dividends, and, at the end of this year, the company may have to give him a one-time payment of \$150 million, the final lagniappe on the New York City cable system that Mr. Dolan sold

Continued on Page 8

Cont'd

to Cablevision years ago.

Media analysts and family business experts, moreover, doubt that he will ever relax his grip on the company's affairs. He has steadfastly refused to dilute his family's voting stake, not only turning down the reported Time Warner-US West bid but also a rumored offer from the GTE Corporation.

Cablevision, which reported revenue of \$1.3 billion and a loss of \$332.1 million in 1996, also retained a board composed primarily of current and former employees, and never seriously entertained the possibility of promoting outsiders to control of the company's destiny.

"In the long run, you cannot run a company where the owner assumes divinity for his actions," said Leon A. Danco, who heads the Center for Family Business in Cleveland. Cablevision "is a private company masquerading as a public company," he added. "Generally, the founder's mentality is that this is his company."

MR. DOLAN declines to confirm specific bids, saying only that "every offer had an overhang of one sort or another."

Still, Gordon Crawford, senior vice president of Capital Research and Management, whose mutual funds own 1.5 million class A shares of the company, worth \$43.5 million, is fuming. "This company has great assets, but it has not been run for shareholders," he said. "It has been run for the family. It remains inappropriately leveraged and is a frustrating disappointment for all its investors."

Mr. Dolan contends that he is already responding to Wall Street with major changes. But in a lengthy interview at the company's sprawling headquarters in a business park in Woodbury, N.Y., he was vague about what those changes were, speaking in generalities about what might be done — someday. "People want us to deleverage," he said. "I think we have more opportunity today. We can go to the public; we have the possibility of partnerships. We have the possibility of partners at different levels. We have always wanted that. I will predict that you will see developments in that direction."

Right now, though, Mr. Dolan's mind seems to be focused in the direction of 33d Street and Seventh Avenue in Manhattan. And he can't quite hide his frustration at the lukewarm Wall Street reaction to his acquisition of Madison Square Garden. In one fell swoop, after all, he locked up control of the nation's most famous sports arena and of cable rights to both baseball teams, both basketball teams, the three hockey teams and both major sports channels in the New York metropolitan area. Only the Jets and the Giants football teams have eluded his grasp.

"The reaction is not, 'Is this a good idea?'" Mr. Dolan lamented, referring to Mr. Crawford's criticism of the Madison Square Garden deal. "The reaction is, 'Chuck spends money like he had it.'"

Not exactly. One money manager who lightened his stake before the Garden purchase because of the company's huge debt thinks Mr. Dolan could have the last laugh. "This transaction makes the balance sheet more messy," said the manager, Andrew Sandler of Sandler Capital Management. "But what it does is give him a strategic asset that

makes it a much more important company."

Mr. Dolan is convinced that his new virtual monopoly over so many sporting events will reward the company with endless new opportunities to make money. For one thing, consumer demand is almost bottomless, as Stanley Jaffe, the former president of Paramount Communications, which used to own the Garden, attests. "The Rangers have sold out since my bar mitzvah," Mr. Jaffe, 56, said. "I have long since given up guessing what people will pay for sports rights."

After all, when ITT and Cablevision bought the Garden in August 1994 for \$1.05 billion, both were criticized for overpaying. And yet, only two and a half years later, ITT could gloat that it had sold its half back to Cablevision at a \$125 million profit.

Mr. Dolan is not forecasting price increases at the Garden or for cable services. Instead, he says, as channel capacity increases, he wants to sell games "à la carte," with customers picking and choosing among a huge number of menu combinations. "It would work exactly like the box office," he said. "You would decide what teams you like and, having decided, you would choose whether to go one game at a time, buy a season ticket or select the teams and the games that you wanted."

But starting new channels and changing price schedules takes time and depends on audience response, and it is not likely to generate the \$1.5 billion or so in new equity that some Wall Street professionals believe is necessary to heal Cablevision's balance sheet.

To reassure his investors, Mr. Dolan has promised to sell systems that

have roughly 475,000 of his company's 2.8 million cable subscribers in states like Maine and Michigan. But, while such a move could raise up to \$1 billion, or about \$2,100 a subscriber, analysts say that is not enough to restore the balance sheet's health because the company will lose cash flow at the same time. And they fret that Mr. Dolan is simply paying lip service to the notion of reorganizing the company.

According to Mr. Sandler of Sandler Capital Management, which has sold 800,000 of its one million shares over the last three years, "Selling cable systems is a fix, but it is not the big fix."

The big fix would mean attracting investors in either the parent company, or in Rainbow Programming, Cablevision's programming division that owns not only Sportschannel New York and MSG, but a host of regional sports services, five local news services and cable services like American Movie Classics and Bravo.

NBC already owns 25 percent of Rainbow, and other companies — including, reportedly, both Walt Disney, parent of ESPN, the national sports cable service, and Fox Sports, a joint venture of the News Corporation and Liberty Media, which owns regional sports services across the country — are talking to Cablevision about investments.

But while Mr. Dolan is apparently willing to listen to proposals, it is unlikely that any investor would pay a premium price — always demanded by him — without getting at least some control. And Mr. Dolan has given little indication that he would be willing to relinquish even a jot of power to outsiders. On the contrary, the patriarch is clearly grooming his children to take over. "The family has grown up with this business," he said, speaking softly but very firmly. "Everybody has been involved with its ups and downs. It is a part of the family."

THE family remains very much under Mr. Dolan's thumb. On many weekday mornings, Mr. Dolan's 41-year-old son, Jim, makes the five-minute drive from his home to his parents' home in Oyster Bay, N.Y., to talk business with his father over coffee. "It is not unusual for me to end or begin my day at his house," Jim Dolan said last week in an interview. "And we talk about twice a day."

could

Mr. Dolan's dynastic inclinations would bother Wall Street less if Cablevision's finances were in better shape and if Jim Dolan commanded more respect in the industry. Although the younger Mr. Dolan has worked at Cablevision his entire career, he is considered something of a lightweight by his peers and Wall Street executives, although none would speak on the record, and is sometimes compared unfavorably to the well-respected Brian L. Roberts, the 38-year-old president of the rival Comcast Corporation and the son of its founder, Ralph J. Roberts. But Jim Dolan brushed off such criticism, saying that he was newer to the executive ranks and was still overshadowed by his father.

At industry meetings, news conferences and major negotiations, the older Mr. Dolan takes center stage. "Dad has more of a public persona than I do," Jim Dolan said. "I do the inside relations."

A year ago, Chuck Dolan told one reporter that when the pair disagree, "I let him run up and down until he cools off."

His son responded, "He still treats me like a 5-year-old." But last week, Jim Dolan said that "doesn't happen anymore."

(Sensitive to appearances, on Thursday, Mr. Dolan insisted that he

and his son be photographed together for this article.)

Both men deal forthrightly with the battle that Jim Dolan fought against alcoholism — a battle that they say he has won. "If everybody in the industry who has had problems were disqualified, there would be a lot of vacancies around," the elder Mr. Dolan said. "I think Jim is in great shape." His son, who was treated four years ago at a Hazeldon Foundation center, said his ordeal had actually strengthened him. "I am a better person for it," he said.

When Chuck Dolan describes the domains carved out in the company for the males of the next generation, he sounds almost like an army general marshaling his forces. "Jim is the happy generalist," he said. "Pat is news," he added, referring to the 45-year-old son who runs the company's local cable news services. "Tom is information," he continued, describing his 44-year-old son's position as the head of Cablevision's computer operations. A son-in-law, Brian G. Sweeney, runs the computer operations at the programming division. And a nephew, John Dolan,

AT A GLANCE

Cablevision Systems

Woodbury, N.Y.

Sixth-largest operator of cable TV systems, with units in New York City, Long Island, Boston, Cleveland and elsewhere. Company also produces the American Movie Classics, Bravo, regional sports channels and local cable news services. Gradually acquiring the half of Madison Square Garden complex it did not already own; includes the New York Knicks basketball team and New York Rangers hockey team.

Employees 5,928

FINANCIAL INDICATORS

Friday's close \$29

52-week low; high \$25; \$52.875

Market capitalization* \$716 million

1996 revenues \$1.32 billion

1996 loss \$332.1 million, or \$18.52 a share

Estimated 1997 loss, analysts' consensus \$16.62 a share

*Values family-owned B shares (45% of company) at same price as publicly traded A shares.

†As of Dec. 31, 1996, before completion of Madison Square Garden acquisition.

\$4th quarter 1996 at annual rate.

**Debt plus preferred plus equity, marked to market.

Source: Bloomberg Financial Markets



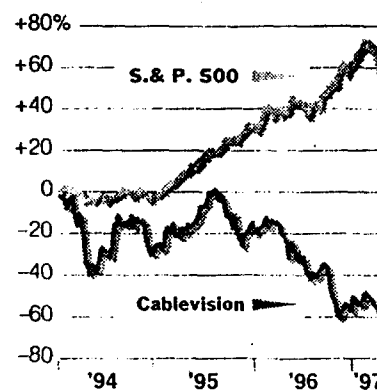
Long term debt†	\$3.1 billion
Preferred stock	\$1.5 billion
Equity	-\$2.3 billion
Common dividend	None
Cash flow\$	\$484 million
Total capital** to cash flow	
Cablevision	11
Industry averages:	
Cable operators	8
Programmers	11

THINGS TO WATCH

The company has lost \$2.3 billion over 10 years and is far from turning a profit; per-subscriber prices for cable systems have fallen; the company is likely to remain family-controlled for the foreseeable future.

STOCK PRICE

Percentage change in Cablevision's stock price compared with the S. & P. 500-stock index.



runs the Northcoast Operating Company, a wireless phone company that has, with financing from Cablevision, acquired franchises for wireless phone services in areas where Cablevision has cable franchises.

There are quirks in the way Mr. Dolan has doled out power to his offspring. Tom is not on the board, and professes not to mind. "I have my plate full," he said. Pat, who is on the board, has done an impressive job at building the company's five local cable news services, although he shows little interest in moving up the executive ranks. And the youngest son, Jim, is the one among them who holds the highest corporate rank.

There is no indication that the father's approach has created any conflict in the Dolan clan, which also includes three daughters: MariAnne, who runs the family founda-

tion, Kathleen and Deborah, who is married to Mr. Sweeney. All the children live close to their parents. Each was given an equal amount of stock in the company 20 years ago, and, Mr. Dolan said, "There has never been a divided vote of any kind."

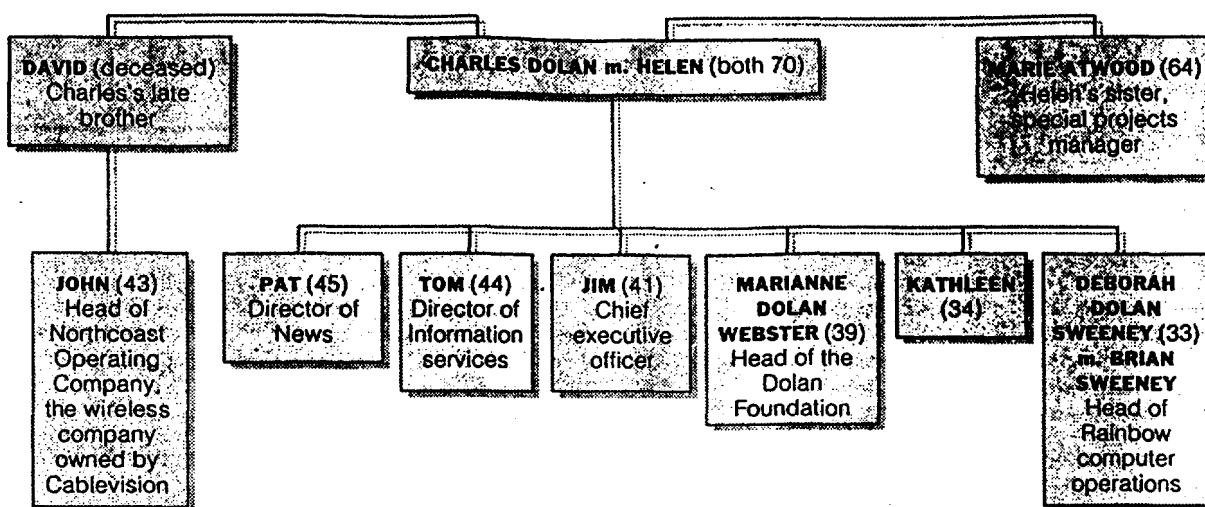
Could the children vote against their father? "If the kids decided we were going crazy and they wanted to take over, maybe they could," Mr. Dolan said, smiling at the impossibility of it.

Given that the family seems to move lock step, it is no surprise to those who know the Dolans that they take annual vacations together. "We go wherever Dad decides to take us," Jim Dolan said.

Mr. Dolan is so intent on seeing

could

The Dolans



that his family retains control even after he and his wife die that he has structured his estate so that it can sell stock to pay estate taxes without losing control of the company. Often, families have to sell so much stock in their businesses to pay those taxes that they do lose control of their companies.

IN his drive to protect his assets, Mr. Dolan is equally aggressive. In 1988, for example, when Sportschannel was trying to snag the rights to Yankee games from its then rival, the Madison Square Garden Cable Network, Cablevision stopped carrying MSG on its cable system during negotiations. Mr. Dolan said he acted because his company's contract with MSG was also up for renegotiation. However, a person familiar with the situation at the time argued that he took the MSG off his systems to reduce its appeal to the Yankees.

More recently, Classic Sports Network, based in New York and owned by a consortium of investors, complained to the Federal Communications Commission that Cablevision was demanding a chance to buy a stake in the company in exchange for running its programs. Mr. Dolan denied the accusation. The dispute has not been resolved.

Even now, Cablevision is moving to circumvent a Federal requirement to share sports programming delivered by satellite with rivals in New York City. The law does not apply to programming services delivered by cable land lines, so the company is busily laying fiber-optic cables so it can switch its method of transmission.

BUT it will take more than hardball to put the razzle-dazzle back in Cablevision. As in the rest of the industry, it is the company's programming side, not its cable-delivery capability, that whets investors' appetites. But Cablevision's programming division, Rainbow, is loaded with issues that make all the options problematic.

Selling a stake to the public would run into resistance because Rainbow, with so many costly local cable news channels, doesn't make much money. It also has a lot of debt. "It is probably worth about \$4 billion," one insider said. "But it carries \$1 billion in debt."

And even if Cablevision wanted to spin off Rainbow to existing shareholders, it could not do so because covenants in the parent company's bank debt and preferred stock forbid such a spinoff without a major capital infusion into Cablevision, believed to be about \$500 million.

Finally, even though ESPN and Fox are reportedly eager to own a piece of Rainbow because of its New York sports franchises, Mr. Dolan's penchant for control makes it questionable whether he would get a premium price without giving up some of his rights.

Some critics believe that one day sports teams will begin making their own deals directly with cable systems operators, undermining Cablevision's role as a programmer. But Mr. Dolan disagrees. In fact, he contends that the future belongs to people like him.

Although Mr. Dolan sold HBO to Time Inc. three years after he founded it, he uses it as a model for the industry. "When I was starting HBO,

I was told by a man at Fox that everybody would make their deals directly with the cable systems and there wouldn't be any cable networks," he said. "He was totally wrong. The middle man does something. He produces financial order. He packages. It is a real role." □